

WRIGHT TOWNSHIP
Ottawa County, Michigan

Comprehensive Annual Financial Report

For the year ended March 31, 2008

WRIGHT TOWNSHIP
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For the year ended March 31, 2008

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

INDEPENDENT AUDITOR'S REPORT

August 10, 2008

The Township Board
Wright Township
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental and business-type activities, the major funds and the aggregate remaining fund information of Wright Township (the "Township") as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and business-type activities, the major funds and the aggregate remaining fund information of Wright Township as of March 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Wright Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

As management of the Wright Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

Financial Highlights

- The Township's net assets increased by \$66,672 (or 3.9 percent).
- Total expenses of the Township's programs were \$877,557.
- Total revenues, including all program and general revenues, were \$944,229.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$1,216,403, an increase of \$87,041 from the prior year.
- At the end of the current year, the unreserved/undesignated fund balance for the General Fund was \$1,139,950, or 142 percent of total General Fund expenditures.
- The Township's Sewer Enterprise Fund had \$63,158 in net assets at year-end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected property taxes and earned but uncollected sewer usage fees and special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, roads and parks. The business-type activity of the Township is the Sewer Enterprise Fund.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund and Special Assessment Debt Service Fund, each of which are considered to be major funds. Data from the other two governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 14-18 of this report.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township maintains the Sewer Enterprise Fund to account for its sanitary sewer usage operation and maintenance. The system operations have been turned over to the City of Grand Rapids and the Fund is in the process of being closed. The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary funds provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Township's own programs. The accounting used for fiduciary funds is like that used for proprietary funds.

Notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 23-35 of this report.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

Government –Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Wright Township, assets exceeded liabilities by \$1,782,581 at the close of the fiscal year.

A substantial portion of the Township's net assets, \$478,993 (26.9 percent), reflects its investment in capital assets (e.g. land, land improvements, buildings), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Statement of Net Assets provides financial information on the Township as a whole as of March 31, 2008.

	Wright Township's Net Assets					
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets						
Current assets	\$ 1,505,385	\$1,171,867	\$ 53,158	\$ 91,850	\$1,558,543	\$1,263,717
Capital assets	897,193	907,795	10,000	10,000	907,193	917,795
Total Assets	2,402,578	2,079,662	63,158	101,850	2,465,736	2,181,512
Liabilities						
Current liabilities	287,555	37,043	–	–	287,555	37,043
Noncurrent liabilities	395,600	428,200	–	–	395,600	428,200
Total Liabilities	683,155	465,603	–	–	683,155	465,603
Net Assets						
Invested in capital assets	468,993	446,995	10,000	10,000	478,993	456,995
Restricted	95,521	104,804	–	–	95,521	104,804
Unrestricted	1,154,909	1,062,260	53,158	91,850	1,208,067	1,154,110
Total Net Assets	\$1,719,423	\$1,614,059	\$ 63,158	\$ 101,850	\$ 1,782,581	\$ 1,715,909

An additional portion of the Township's net assets, \$95,521 (5.3 percent) represents resources that are subject to external restrictions on how they may be used. The Township may use the remaining balance of unrestricted net assets of \$1,208,067 (67.8 percent) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, and for its separate governmental and business-type activities.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

The Statement of Activities presents changes in net assets from operating results for the year ended March 31, 2008:

Wright Township's Changes in Net Assets						
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program revenue:						
Charges for services	\$ 32,865	\$ 26,877	\$ 11,000	\$ 7,088	\$ 43,865	\$ 33,965
General revenue:						
Property taxes	595,808	564,694	-	-	595,808	564,694
State sources	244,330	242,956	-	-	244,330	242,956
Investment earnings	55,864	49,747	652	919	56,516	50,666
Other	3,710	6,598	-	-	3,710	6,598
Total revenues	932,577	890,872	11,652	8,007	944,229	898,879
Expenses						
General government	153,487	158,996	-	-	153,487	158,996
Public safety	154,908	148,485	-	-	154,908	148,445
Public works	444,013	386,245	-	-	444,013	386,245
Health and welfare	23,921	23,514	-	-	23,921	23,514
Community and economic development	10,228	7,323	-	-	10,228	7,723
Recreation and cultural	424	2,353	-	-	424	2,353
Other township	21,110	20,235	-	-	21,110	20,235
Interest on long-term debt	19,122	20,153	-	-	19,122	20,153
Sewer operations	-	-	50,344	13,566	50,344	13,566
Total expenses	827,213	767,304	50,344	13,566	877,557	780,870
Increase (decrease) in net assets	105,364	123,508	(38,692)	(5,559)	66,672	118,109
Net assets - beginning of year	1,614,059	1,490,491	101,850	107,409	1,715,909	1,597,900
Net assets - end of year	\$1,719,423	\$1,614,059	\$ 63,158	\$101,850	\$1,782,581	\$1,715,909

Governmental activities increased the Township's net assets by \$105,364. Key elements of this change are as follows:

- Property tax revenues increased by \$31,114 (5.5 percent) due to an increase in the Township's taxable values.
- Governmental funds' expenses for 2007-08 remained relatively stable, increasing by only \$59,909 (7.8 percent).

Business-type activities decreased the Township's net assets by \$38,692 as the process of transferring the sewer operation and maintenance system to the City of Grand Rapids are nearing conclusion.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,216,403, an increase of \$87,041 in comparison with the prior year. 95 percent of this total amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

Wright Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$925,049, total expenditures of \$805,089 and transfers to other funds of \$30,466. It ended the year with a fund balance of \$1,139,950, up from \$1,050,456 at March 31, 2007.

The *Special Assessment Debt Service Fund* levies special assessments for debt service purposes. The Fund had total revenues of \$8,317 and total expenditures of \$13,925. It ended the year with a fund balance of \$61,494, down from \$67,102 at March 31, 2007.

Nonmajor Funds

The *General Obligation Debt Service Fund* collects General Fund contributions for debt service purposes. Transfers from the General Fund were \$30,466 and debt service expenditures totaled \$30,466. The fund balance is maintained at zero.

The *Cemetery Perpetual Care Fund* collects cemetery fees to be used for cemetery upkeep. Total revenues were \$3,155 and expenditures were zero for the year. It ended the year with a fund balance of \$14,959, up from \$11,804 at March 31, 2007.

Proprietary fund. The Township's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The Sewer Enterprise Fund had total revenues of \$11,652, total expenses of \$50,344, and a decrease in net assets of \$38,692 from March 31, 2007. Other factors concerning the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

The Township revised the annual operating budget during the year to comply with Michigan Department of Treasury guidelines. The budget amendments were made to reflect changes in expected expenditures as they occurred during the year.

WRIGHT TOWNSHIP
Management's Discussion and Analysis
March 31, 2008

Capital Asset and Debt Administration

Capital Assets

At March 31, 2008, the Township had a \$1,147,700 investment in a broad range of capital assets, including land, land improvements and buildings and improvements. (More detailed information about capital assets can be found in the notes to basic financial statements.)

Capital asset additions for the fiscal year totaled \$17,000 and accumulated depreciation increased by \$27,602. The net book value of capital assets at March 31, 2008 is detailed as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 7,275	\$ 10,000	\$ 17,275
Land improvements	810,397	—	810,397
Buildings and improvements	79,521	—	79,521
Net Capital Assets	\$ 897,193	\$ 10,000	\$ 907,193

Long-Term Debt

At year end, the Township had \$53,200 in drain improvement notes and \$375,000 in bonds outstanding (general obligation and special assessment improvement). Prior year debt balances were reduced by payments of \$32,600 during the current year. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2008-09 anticipates a reduction in year end fund balance of \$209,641. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenues, significant road improvement expenditures, and a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.

Contacting the Township's Financial Management

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Linda Way, Township Clerk, Wright Township, 1565 Jackson Street, PO Box 255, Marne, MI, 49435.

BASIC FINANCIAL STATEMENTS

WRIGHT TOWNSHIP
Statement of Net Assets
March 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash equivalents, deposits and investments (Note B)	\$ 1,398,245	\$ 53,158	\$ 1,451,403
Receivables:			
Taxes (Note C)	34,242	-	34,242
Accounts	687	-	687
Special assessments	35,957	-	35,957
Due from other governmental units	36,254	-	36,254
Total Current Assets	1,505,385	53,158	1,558,543
Noncurrent Assets			
Capital assets (Note E)	1,137,700	10,000	1,147,700
Less accumulated depreciation	(240,507)	-	(240,507)
Total Noncurrent Assets	897,193	10,000	907,193
Total Assets	2,402,578	63,158	2,465,736
Liabilities			
Current Liabilities			
Accounts payable	253,025	-	253,025
Accrued interest payable	1,930	-	1,930
Current portion of noncurrent liabilities	32,600	-	32,600
Total Current Liabilities	287,555	-	287,555
Noncurrent Liabilities (Note F)			
Drain improvement note payable	53,200	-	53,200
General obligation bonds payable	300,000	-	300,000
Special assessment bonds payable	75,000	-	75,000
Less current portion of noncurrent liabilities	(32,600)	-	(32,600)
Total Noncurrent Liabilities	395,600	-	395,600
Total Liabilities	683,155	-	683,155
Net Assets			
Invested in capital assets, net of related debt	468,993	10,000	478,993
Restricted for:			
Debt service	95,521	-	95,521
Unrestricted	1,154,909	53,158	1,208,067
Total Net Assets	\$ 1,719,423	\$ 63,158	\$ 1,782,581

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Activities
For the year ended March 31, 2008

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Governmental Activities	Business-Activities	
Governmental activities:					
General government	\$ 153,487	\$ 9,625	\$ (143,862)	\$ -	\$ (143,862)
Public safety	154,908	23,240	(131,668)	-	(131,668)
Public works	444,013	-	(444,013)	-	(444,013)
Health and welfare	23,921	-	(23,921)	-	(23,921)
Community and economic development	10,228	-	(10,228)	-	(10,228)
Recreation and cultural	424	-	(424)	-	(424)
Other township	21,110	-	(21,110)	-	(21,110)
Interest on long-term debt	19,122	-	(19,122)	-	(19,122)
Total governmental activities	827,213	32,865	(794,348)	-	(794,348)
Business-type activities:					
Sewer enterprise fund	50,344	11,000	-	(39,344)	(39,344)
Total Primary Government	\$ 877,557	\$ 43,865	(794,348)	(39,344)	(833,692)
General revenues:					
Property taxes levied for:					
General operations			138,883	-	138,883
Fire			60,970	-	60,970
Roads			372,034	-	372,034
Aging			23,921	-	23,921
State revenue sharing			244,330	-	244,330
Interest earnings			55,864	652	56,516
Other			3,710	-	3,710
Total General Revenues			899,712	652	900,364
Change in Net Assets			105,364	(38,692)	66,672
Net Assets - Beginning of Year			1,614,059	101,850	1,715,909
Net Assets - End of Year			\$ 1,719,423	\$ 63,158	\$1,782,581

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Balance Sheet
Governmental Funds
March 31, 2008

	General	Debt Service Special Assessment	Other Governmental	Total
Assets				
Cash equivalents, deposits and investments (Note B)	\$ 1,321,792	\$ 61,494	\$ 14,959	\$ 1,398,245
Receivables:				
Taxes (Note C)	34,242	-	-	34,242
Special assessments	-	35,957	-	35,957
Due from other funds (Note D)	687	-	-	687
Due from other governmental units	36,254	-	-	36,254
Total Assets	\$ 1,392,975	\$ 97,451	\$ 14,959	\$ 1,505,385
Liabilities and Fund Balances				
Liabilities				
Due to other governmental units	\$ 253,025	\$ -	\$ -	\$ 253,025
Deferred revenue	-	35,957	-	35,957
Total Liabilities	253,025	35,957	-	288,982
Fund Balances				
Reserved for debt service	-	61,494	-	61,494
Unreserved:				
Undesignated, reported in:				
General fund	1,139,950	-	-	1,139,950
Permanent fund	-	-	14,959	14,959
Total Fund Balances	1,139,950	61,494	14,959	1,216,403
Total Liabilities and Fund Balances	\$ 1,392,975	\$ 97,451	\$ 14,959	\$ 1,505,385

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
March 31, 2008

Total governmental fund balances		\$ 1,216,403
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$1,137,700 and accumulated depreciation is \$240,507.	\$ 1,137,700 <u>(240,507)</u>	897,193
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds: Special assessments receivable		35,957
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: Drain note General obligation bonds Special assessment bonds	 (53,200) (300,000) <u>(75,000)</u>	 (428,200)
Accrued interest is not included as a liability in governmental funds		<u>(1,930)</u>
Total net assets - governmental activities		<u><u>\$ 1,719,423</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended March 31, 2008

	General	Debt Service Special Assessment	Other Governmental	Total
Revenues				
Taxes	\$ 595,808	\$ -	\$ -	\$ 595,808
Licenses and permits	22,199	-	-	22,199
State sources	244,330	-	-	244,330
Charges for services	6,875	-	2,750	9,625
Fines and forfeitures	1,041	-	-	1,041
Interest and rentals	51,086	4,373	405	55,864
Other	3,710	3,944	-	7,654
Total Revenues	925,049	8,317	3,155	936,521
Expenditures				
Current:				
General government	169,352	-	-	169,352
Public safety	151,554	-	-	151,554
Public works	428,779	-	-	428,779
Health and welfare	23,921	-	-	23,921
Community and economic development	10,228	-	-	10,228
Recreational and cultural	145	-	-	145
Other township	21,110	-	-	21,110
Debt service:				
Principal repayment	-	10,000	15,000	25,000
Interest and fiscal charges	-	3,925	15,466	19,391
Total Expenditures	805,089	13,925	30,466	849,480
Excess (Deficiency) of Revenues Over Expenditures	119,960	(5,608)	(27,311)	87,041
Other Financing Sources (Uses)				
Transfers in	-	-	30,466	30,466
Transfers out	(30,466)	-	-	(30,466)
Total Other Financing Sources (Uses)	(30,466)	-	30,466	-
Net Change in Fund Balances	89,494	(5,608)	3,155	87,041
Fund Balances, April 1	1,050,456	67,102	11,804	1,129,362
Fund Balances, March 31	\$ 1,139,950	\$ 61,494	\$ 14,959	\$ 1,216,403

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended March 31, 2008

Net change in fund balances - total governmental funds \$ 87,041

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 17,000	
Depreciation expense	<u>(27,602)</u>	(10,602)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Special assessments		(3,944)
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Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of drain note	\$ 7,600	
Repayment of general obligation bonds	15,000	
Repayment of special assessment bonds	<u>10,000</u>	32,600

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid.

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Total changes in net assets - governmental activities

		<u><u>\$ 105,364</u></u>
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See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2008

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 555,960	\$ 555,960	\$ 595,808	\$ 39,848
Licenses and permits	15,857	15,857	22,199	6,342
State sources	229,000	229,000	244,330	15,330
Charges for services	2,600	2,600	6,875	4,275
Fines and forfeitures	500	500	1,041	541
Interest and rentals	20,000	20,000	51,086	31,086
Other revenue	1,320	1,320	3,710	2,390
Total Revenues	825,237	825,237	925,049	99,812
Expenditures				
Current:				
General government	195,086	192,504	169,352	23,152
Public safety	141,450	151,604	151,554	50
Public works	422,700	415,014	428,779	(13,765)
Health and welfare	-	-	23,921	(23,921)
Community and economic development	11,700	11,700	10,228	1,472
Recreation and cultural	601	601	145	456
Other township	22,700	22,742	21,110	1,632
Total Expenditures	794,237	794,165	805,089	(10,924)
Excess of Revenues Over Expenditures	31,000	31,072	119,960	88,888
Other Financing Sources (Uses)				
Transfers out	(31,000)	(31,000)	(30,466)	534
Net Change in Fund Balances	-	72	89,494	89,422
Fund Balances, April 1	1,050,456	1,050,456	1,050,456	-
Fund Balances, March 31	\$ 1,050,456	\$ 1,050,528	\$ 1,139,950	\$ 89,422

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Net Assets
Proprietary Fund
March 31, 2008

	<u>Sewer Enterprise</u>
Assets	
Current Assets	
Cash equivalents, deposits and investments (Note B)	\$ 53,158
Noncurrent Assets	
Capital assets (Note D)	<u>10,000</u>
Total Assets	<u>63,158</u>
Liabilities	-
Net Assets	
Invested in capital assets	10,000
Unrestricted	<u>53,158</u>
Total Net Assets	<u><u>\$ 63,158</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the year ended March 31, 2008

	Sewer Enterprise
	<u> </u>
Operating Revenues	\$ -
Operating Expenses	<u>-</u>
Operating Income	<u>-</u>
Nonoperating Revenues (Expenses)	
Interest earnings	652
Contributions	11,000
Engineering fees	(344)
Transfer to the City of Grand Rapids	<u>(50,000)</u>
Total Nonoperating Revenues (Expenses)	<u>(38,692)</u>
Change in Net Assets	(38,692)
Net Assets, Beginning of Year	<u>101,850</u>
Net Assets, End of Year	<u><u>\$ 63,158</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Cash Flows
Proprietary Fund
For the year ended March 31, 2008

	<u>Sewer Enterprise</u>
Cash Flows From Operating Activities	\$ -
Cash Flows From Capital and Related Financing Activities	
Engineering fees	(344)
Contributions	11,000
Transfer to the City of Grand Rapids	<u>(50,000)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(39,344)</u>
Cash Flows From Investing Activities	
Interest received	<u>652</u>
Net Decrease In Cash and Cash Equivalents	(38,692)
Cash and Cash Equivalents, beginning of year	<u>91,850</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 53,158</u></u>

See accompanying notes to basic financial statements.

WRIGHT TOWNSHIP
Statement of Net Assets
Fiduciary Funds
March 31, 2008

	<u>Agency Funds</u>
Assets	
Cash equivalents, deposits and investments (Note B)	<u>\$ 12,448</u>
Liabilities	
Due to other funds (Note D)	\$ 687
Due to other governmental units	3,286
Escrow deposits	<u>8,475</u>
Total Liabilities	<u>\$ 12,448</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

Note A – Summary of Significant Accounting Policies

Wright Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and two Trustees, each of whom is elected for a four year term of office. The Township provides, or contributes to the providing of, the following services to its residents as provided by statute: public safety (police, fire and inspections), highways and streets, parks and recreation, cultural, public improvements, planning and zoning, general administrative, sewer disposal and other services.

The financial statements of Wright Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Township’s accounting policies are described below.

1. The Reporting Entity

The accompanying financial statements present the Township of Wright. The Township has no component units, i.e., entities for which the Township is considered to be financially accountable.

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Fund Financial Statements – The fund financial statements provide information about the Township’s funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *2003 Special Assessment Debt Service Fund* accounts for special assessments levied to pay back the bonds of the Township.

The Township reports the following enterprise fund:

The *Sewer Enterprise Fund* accounts for the operation of the Township's sanitary sewer system.

Additionally, the Township reports the following funds:

The *2003 General Obligation Debt Service Fund* accounts for amounts used to pay back the bonds of the Township.

The *Cemetery Trust Permanent Fund* accounts for fees collected to be used for cemetery improvements.

The *Trust Account Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with current period are all considered to susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General Fund is subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General Fund.
- Prior to April 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General Fund budget was amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budget as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

5. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

6. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, and sewer system, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, sewer system, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

10. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

11. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a Township in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a Township in Michigan.

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

Balances at March 31, 2008 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Cash equivalents, deposits and investments per the Statement of Net Assets:	
Governmental and business-type activity	\$ 1,451,403
Cash equivalents, deposits and investments of Fiduciary Funds:	
Agency Funds	<u>12,448</u>
	<u>\$ 1,463,851</u>

Cash Equivalents and Deposits

Cash equivalents consist of bank public funds checking, savings and liquid asset accounts. Deposits consist of certificates of deposit.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Comerica Bank
2. Huntington National Bank
3. Fifth Third Bank
4. Mercantile Bank

March 31, 2008 balances are detailed as follows:

Cash equivalents	\$ 909,645
Deposits	<u>554,206</u>
	<u>\$ 1,463,851</u>

Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned to the Township. Protection of Township cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the Township's cash equivalents and deposits was \$1,463,851 and the bank balance was \$1,469,452. Of the bank balance \$508,394 was covered by federal depository insurance and \$961,058 was uninsured and uncollateralized.

Investments

The Township held no securities defined as investments under GASB Statement No. 40 during, or at the year ended, March 31, 2008.

Custodial Credit Risk and Interest Rate Risk

It is the policy of Wright Township to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to state and local statutes governing the investment of public funds.

The Township's investment policy states that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

as the probable income to be derived. The standard of discretion to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Funds of Wright Township will be invested in accordance with state and local statutes, and in accordance with the following objectives in order of priority:

Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Diversification: The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The investment portfolio will remain sufficiently liquid to meet all operating requirements which might be reasonably anticipated.

Return on Investments: The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

Safekeeping and Custody: All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by Wright Township shall be conducted on a cash basis (delivery-versus-payment (DVP) basis). Securities will be held by a third party custodian designated by the Township Treasurer and evidenced by safekeeping receipts and determined by the Treasurer.

Prudence: Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

Note C – General Property Taxes

Property taxes for the Township and Ottawa County become due and payable on December 1 of each year. Property taxes for school districts become due and payable on July 1 and December 1, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Township property tax revenues are recognized in the General Fund in the fiscal year levied, to the extent they are measurable and available. The 2007 property tax roll, levied December 1, 2007, represents revenue for the fiscal year ended March 31, 2008.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Ottawa County, Grand Rapids Community College, Ottawa and Kent Intermediate School Districts, Northeast Ottawa Library

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

District, Coopersville Public Schools, Kenowa Hills Public Schools and Sparta Area Schools. Collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted to levy up to 1.1 mills of general property taxes on the assessed valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levy was reduced to 1.0059 mills for 2007 general operations. The Township also levied 0.5956 mills for fire department operations, 3.6338 mills for road maintenance and .2481 mills for the Aging Council.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	2007	2006	2005	2004
Township taxes levied	\$ 552,765	\$ 519,869	\$ 501,447	\$ 459,970
Taxes collected:				
Current to March 1	519,933	481,877	465,499	426,593
Total to March 31, 2008	519,933	519,590	501,067	459,970
Percentages of collections:				
Current to March 1	94.06%	92.69%	92.83%	92.74%
Total to March 31, 2008	94.06%	99.95%	99.92%	100.00%

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon Taxable Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for 2007 are compared with prior years in the following summary:

Year	Real	Personal	Total
2007	\$ 94,611,627	\$ 7,573,236	\$ 102,184,863
2006	89,132,887	7,105,106	96,237,993
2005	84,640,829	6,813,991	91,454,820
2004	80,817,565	6,315,903	87,133,468
2003	77,590,933	6,238,500	83,829,433
2002	74,212,748	6,295,843	80,508,591
2001	71,140,250	5,615,780	76,756,030
2000	66,355,353	5,790,031	72,145,384
1999	62,994,989	5,226,823	68,221,812
1998	60,808,463	5,044,500	65,852,963

Note D – Interfund Receivables/Payables and Transfers

Amounts due from/to other funds representing interfund receivable and payable balances at March 31, 2008 are detailed as follows:

	Due From	Due To
General Fund:		
Trust Account Agency Fund	\$ 687	\$ —
Trust Account Agency Fund:		
General Fund	—	687
Total All Funds	\$ 687	\$ 687

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

The \$687 due from the Trust Account Agency Fund to the General Fund represents cumulative interest earnings not transferred at March 31, 2008.

Transfers between funds during the year ended March 31, 2008, for debt service and cemetery care, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Debt Service Funds:		
2003 General Obligation Fund	\$ —	\$ 30,466
Debt Service Funds		
2003 General Obligation Fund:		
General Fund	30,466	—
Total All Funds	<u>\$ 30,466</u>	<u>\$ 30,466</u>

Note E – Capital Assets

Capital asset activity for the year ended March 31, 2008 was as follows:

	<u>Balances April 1, 2007</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances March 31, 2008</u>
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 7,275	\$ —	\$ —	\$ 7,275
Capital assets being depreciated:				
Land improvements	926,525	—	—	926,525
Buildings and improvements	186,900	17,000	—	203,900
Totals at historical cost	<u>1,120,700</u>	<u>\$ 17,000</u>	<u>\$ —</u>	<u>1,137,700</u>
Less accumulated depreciation for:				
Land improvements	92,965	\$ 23,163	\$ —	116,128
Buildings and improvements	119,940	4,439	—	124,379
Total accumulated depreciation	<u>212,905</u>	<u>\$ 27,602</u>	<u>\$ —</u>	<u>240,507</u>
Net Capital Assets – Governmental Activities	<u>\$ 907,795</u>			<u>\$ 897,193</u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 1,135
Public safety	3,354
Public works	22,834
Recreation and cultural	279
	<u>\$ 27,602</u>

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

	<u>Balances April 1, 2007</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances March 31, 2008</u>
Business Activities				
Capital assets not depreciated:				
Land	\$ 10,000	\$ —	\$ —	\$ 10,000

Note F – Long-Term Debt

Amounts available and to be provided for long-term debt at March 31, 2008 are summarized as follows:

	<u>Bond Issues</u>	<u>Drain Improvement Note</u>	<u>Total</u>
Amounts Available For Retirement Of General Long-Term Debt			
Debt Service Funds	\$ 61,494	\$ —	\$ 61,494
Amounts To Be Provided For Retirement Of General Long-Term Debt			
General Fund	—	53,200	53,200
Debt Service Funds	313,506	—	313,506
Total Amounts Available and To Be Provided	<u>\$ 375,000</u>	<u>\$ 53,200</u>	<u>\$ 428,200</u>

Changes in long-term debt for the year ended March 31, 2008 are summarized as follows:

	<u>Debt Outstanding April 1, 2007</u>	<u>Debt Added</u>	<u>Debt Retired</u>	<u>Debt Outstanding March 31, 2008</u>
Bond Issues				
General obligation: May 1, 2002	\$ 315,000	\$ —	\$ 15,000	\$ 300,000
Special assessment: May 1, 2002	85,000	—	10,000	75,000
Drain Improvement Note				
September 1, 2004	60,800	—	7,600	53,200
Total Long-Term Debt	<u>\$ 460,800</u>	<u>\$ —</u>	<u>\$ 32,600</u>	<u>\$ 428,200</u>

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

Long-term bonds and notes at March 31, 2008 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$380M 2002 Limited Tax Bonds:				
Annual maturities of \$15M to \$25M	Oct. 1, 2021	4.15 – 5.25	\$ 300,000	\$ 15,000
Special Assessment Bonds				
\$130M 2002 Sewer Improvement :				
Annual maturities of \$5M to \$10M	Oct. 1, 2016	4.15 – 5.10	75,000	10,000
Drain Improvement Note				
\$76M 2004 Dayton Drain:				
Annual maturities of \$7.6M	Nov. 1, 2014	4.57	<u>53,200</u>	<u>7,600</u>
Total			<u>\$ 428,200</u>	<u>\$ 32,600</u>

The Special Assessment Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded through special assessments levied against properties deemed to benefit from these public improvements. The Drain Improvement Notes will be repaid by the General Fund.

Year Ended March 31	Principal	Interest	Total
2009	\$ 32,600	\$ 20,542	\$ 53,142
2010	32,600	19,131	51,731
2011	32,600	17,691	50,291
2012	37,600	16,097	53,697
2013	37,600	14,350	51,950
2014	37,600	12,560	50,160
2015	32,600	10,860	43,460
2016	25,000	9,256	34,256
2017	30,000	7,860	37,860
2018	25,000	6,452	31,452
2019	25,000	5,158	30,158
2020	25,000	3,851	28,851
2021	30,000	2,399	32,399
2022	<u>30,000</u>	<u>802</u>	<u>25,802</u>
	<u>\$ 428,200</u>	<u>\$ 147,009</u>	<u>\$ 575,209</u>

WRIGHT TOWNSHIP
Notes to Basic Financial Statements
March 31, 2008

Note G – Commitments and Contingencies

Wright Township (the Township) and the City of Grand Rapids (the City) have executed a Water and Sanitary Sewer Service Agreement whereby the Township will decommission its system (lagoon closure) and will connect to the City's sanitary sewer system. Part of this agreement provides that the City will make available up to \$450,000 in loans to the Township to help finance the lagoon closure, which loans will be repaid by user fees assessed on future users of the system. The Township shall develop a Lagoon Closure Plan (the Plan) and submit the Plan to the Department of Environmental Quality (the DEQ) for approval. The Plan shall, at a minimum, include a closure schedule, a characterization of wastewater and residuals in the system, and an identification of appropriate disposal methods for the residuals. The Plan shall also identify how the discharge piping will be permanently sealed/plugged, and how the wastewater transfer and discharge structures will be demolished. Following lagoon closure, the Township shall pay to the State of Michigan an additional sum to be determined. The additional sum to be paid shall be the balance of \$300,000 after the expenses of lagoon closure have been paid. \$50,000 was paid to the City of Grand Rapids during the year ended March 31, 2008. The additional sum shall be at least \$10,000, but shall be no more than \$50,000. Upon receipt of the additional sum, DEQ's claim for stipulated penalties pursuant to the Administrative Consent Order shall be satisfied. It is expected that it will be less than one year before lagoon closure is completed, and the additional sum is paid.

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

WRIGHT TOWNSHIP
General Fund
Comparative Balance Sheet
March 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash equivalents, deposits and investments	\$ 1,321,792	\$ 976,921
Taxes receivable	34,242	38,011
Due from other funds	687	382
Due from other governmental units	<u>36,254</u>	<u>37,746</u>
Total Assets	<u><u>\$ 1,392,975</u></u>	<u><u>\$ 1,053,060</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 2,604
Due to other governmental units	<u>253,025</u>	<u>-</u>
Total Liabilities	<u>253,025</u>	<u>2,604</u>
Fund Balances		
Unreserved:		
Undesignated	<u>1,139,950</u>	<u>1,050,456</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,392,975</u></u>	<u><u>\$ 1,053,060</u></u>

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Revenues
For the years ended March 31, 2008 and 2007

	2008	2007
Taxes:		
Current property taxes	\$ 102,405	\$ 95,390
Fire protection taxes	60,970	57,477
Road millage	372,034	350,723
Aging Council millage	23,921	23,514
Delinquent property taxes	460	3,092
Industrial facilities taxes	573	1,689
Trailer fees	127	165
Penalties and interest on taxes	1,457	1,792
Property tax administration fees	33,861	30,852
	<u>595,808</u>	<u>564,694</u>
Licenses and permits:		
Liquor license fees	200	-
Building, mechanical and electrical permits	20,527	20,080
Storm water permits	-	45
Site plan reviews	140	180
Soil erosion fees	400	600
Land division applications	420	495
Dog licenses	67	83
Special use permits	445	245
	<u>22,199</u>	<u>21,728</u>
State sources:		
Sales taxes	239,241	237,839
Other State shared revenue	5,089	5,117
	<u>244,330</u>	<u>242,956</u>
Charges for services:		
Planning commission fees	500	-
Board of appeals fees	1,070	400
Summer tax collection fees	1,944	1,914
Property tax abatement fees	-	150
Franchise fees	611	468
Sale of cemetery lots	2,750	750
	<u>6,875</u>	<u>3,682</u>
Fines and forfeitures:		
Ordinance fines	1,041	417
Interest and rentals:		
Interest on deposits	51,086	45,217
Other revenue:		
Grant revenue	500	521
Election reimbursement	2,501	5,553
Refunds of expenditures	619	164
Miscellaneous	90	360
	<u>3,710</u>	<u>6,598</u>
Total Revenues	<u><u>\$ 925,049</u></u>	<u><u>\$ 885,292</u></u>

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2008 and 2007

	2008	2007
Current:		
General government:		
Township board:		
Salaries	\$ 1,840	\$ 1,915
Mileage	24	42
	<u>1,864</u>	<u>1,957</u>
Supervisor:		
Salary	18,958	18,458
Supplies	70	-
Mileage	1,055	607
Education and training	687	768
Dues and memberships	50	50
Miscellaneous	6	21
	<u>20,826</u>	<u>19,904</u>
Clerk:		
Salaries:		
Clerk	18,548	17,958
Deputy	1,790	1,444
Supplies	16	-
Contracted services	6,011	570
Mileage	360	347
Education and training	461	542
Dues and memberships	90	90
Miscellaneous	31	15
	<u>27,307</u>	<u>20,966</u>
Board of review:		
Salaries	665	175
Printing and publishing	24	53
Miscellaneous	17	-
	<u>706</u>	<u>228</u>
Treasurer:		
Salaries:		
Treasurer	18,458	17,958
Deputy	589	443
Office supplies	58	72
Property tax administration system	2,741	2,194
Mileage	339	230
Education and training	314	298
Dues and memberships	55	55
Miscellaneous	132	108
	<u>22,686</u>	<u>21,358</u>
Assessor:		
Salary	15,631	15,543
Contracted services	1,528	1,459
Dues and memberships	20	20
	<u>17,179</u>	<u>17,022</u>

(Continued)

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2008 and 2007

	2008	2007
General administration:		
Clerical salary	\$ 7,800	\$ 9,162
Office supplies	3,630	4,185
Equipment repair and maintenance	1,304	1,647
Office cleaning	1,615	1,560
Mileage	130	174
Printing and publishing	1,009	1,399
Dues and memberships	1,926	1,838
Other	40	150
	<u>17,454</u>	<u>20,115</u>
Elections:		
Salaries	2,633	4,058
Office supplies	88	296
Contracted services	272	480
Mileage	302	574
Education and training	54	532
Printing and publishing	41	749
Miscellaneous	91	67
	<u>3,481</u>	<u>6,756</u>
Buildings and grounds:		
Maintenance supplies	611	525
Contracted services	3,661	3,404
Telephone	1,223	1,668
Utilities	8,331	8,367
Building maintenance	19,006	7,556
	<u>32,832</u>	<u>21,520</u>
Legal and audit:		
Legal fees	6,769	8,205
Audit fees	11,000	9,420
Engineering fees	194	445
O.C.E.D. fees	1,050	1,050
	<u>19,013</u>	<u>19,120</u>
Cemetery:		
Grounds maintenance	6,004	8,915
Total general government	<u>169,352</u>	<u>157,861</u>
Public safety:		
Fire protection:		
Fire board salaries	400	635
Contributions to Tallmadge Township	69,000	67,000
Fire millage payment to Tallmadge Township	61,567	57,238
Miscellaneous	60	-
	<u>131,027</u>	<u>124,873</u>
Inspections:		
Contracted inspection services	20,527	20,080
Total public safety	<u>151,554</u>	<u>144,953</u>
Public works:		
Drains:		
Drain maintenance	21,755	20,517

(Continued)

WRIGHT TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2008 and 2007

	2008	2007
Highways, streets and bridges:		
Road improvements	\$ 370,250	\$ 325,638
Dust layer	30,260	18,975
	<u>400,510</u>	<u>344,613</u>
Street lighting:		
Utilities	6,514	5,881
Total public works	<u>428,779</u>	<u>371,011</u>
Community and economic development:		
Planning and zoning:		
Planning commission fees	3,145	2,385
Zoning board of appeals	405	1,065
Contracted services	6,296	3,684
Mileage	59	-
Printing and publishing	293	189
Miscellaneous	30	-
Total community and economic development	<u>10,228</u>	<u>7,323</u>
Health and welfare:		
Agency on aging:		
Aging Council millage	23,921	23,514
Recreation and cultural:		
Parks and recreation:		
Cole Park improvements	145	2,074
Other township:		
Social Security taxes	6,973	6,856
Contracted services	1,556	877
Community service contribution	217	-
Insurance and bonds	10,767	10,657
Workers' compensation insurance	961	1,243
Miscellaneous	636	602
Total other township	<u>21,110</u>	<u>20,235</u>
Total Expenditures	<u><u>\$ 805,089</u></u>	<u><u>\$ 726,971</u></u>

NONMAJOR GOVERNMENTAL FUNDS

WRIGHT TOWNSHIP
Combining Balance Sheet - Nonmajor Governmental Funds
March 31, 2008

	Debt Service General Obligation	Permanent Cemetery Perpetual Care	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash equivalents, deposits and investments	\$ -	\$ 14,959	\$ 14,959
	<u> </u>	<u> </u>	<u> </u>
Liabilities and Fund Balances			
Liabilities	\$ -	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Unreserved:			
Undesignated, reported in:			
Permanent fund	-	14,959	14,959
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ -	\$ 14,959	\$ 14,959
	<u> </u>	<u> </u>	<u> </u>

WRIGHT TOWNSHIP
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended March 31, 2008

	Debt Service General Obligation	Permanent Cemetery Perpetual Care	Total
Revenues			
Charges for services	\$ -	\$ 2,750	\$ 2,750
Interest and rentals	-	405	405
Total Revenues	-	3,155	3,155
Expenditures			
Debt service:			
Principal repayment	15,000	-	15,000
Interest and fiscal charges	15,466	-	15,466
Total Expenditures	30,466	-	30,466
Excess (Deficiency) of Revenues Over Expenditures	(30,466)	3,155	(27,311)
Other Financing Sources (Uses)			
Transfers in	30,466	-	30,466
Net Change In Fund Balances	-	3,155	3,155
Fund Balances, Beginning of Year	-	11,804	11,804
Fund Balances, End of Year	\$ -	\$ 14,959	\$ 14,959

AGENCY FUNDS

Trust Account Agency — to account for the collection of bonds and deposits and payment to the governmental units or other persons entitled to receive these funds.

Tax Account Agency — to account for the collection of current and delinquent property taxes and payment to the governmental units or other persons entitled to receive these funds.

WRIGHT TOWNSHIP
All Agency Funds
Combining Schedule of Changes in Assets and Liabilities
For the year ended March 31, 2008

	Balances April 1, 2007	Additions	Deductions	Balances March 31, 2008
Trust Account Fund				
Assets				
Cash equivalents, deposits and investments	\$ 9,899	\$ 18,284	\$ 15,892	\$ 12,291
Liabilities				
Escrow deposits	\$ 8,771	\$ 8,069	\$ 8,365	\$ 8,475
Due to other funds	382	2,598	2,293	687
Due to other governmental units	746	7,617	5,234	3,129
Total Liabilities	\$ 9,899	\$ 18,284	\$ 15,892	\$ 12,291
Tax Account Fund				
Assets				
Cash equivalents, deposits and investments	\$ 164	\$ 3,313,361	\$ 3,313,368	\$ 157
Liabilities				
Accounts payable	\$ -	\$ 46,944	\$ 46,944	\$ -
Due to other funds	-	573,218	573,218	-
Due to other governmental units	164	2,693,199	2,693,206	157
Total Liabilities	\$ 164	\$ 3,313,361	\$ 3,313,368	\$ 157
Totals - All Agency Funds				
Assets				
Cash equivalents, deposits and investments	\$ 10,063	\$ 3,331,645	\$ 3,329,260	\$ 12,448
Liabilities				
Accounts payable	\$ -	\$ 46,944	\$ 46,944	\$ -
Escrow deposits	8,771	8,069	8,365	8,475
Due to other funds	382	575,816	575,511	687
Due to other governmental units	910	2,700,816	2,698,440	3,286
Total Liabilities	\$ 10,063	\$ 3,331,645	\$ 3,329,260	\$ 12,448

OTHER INFORMATION

WRIGHT TOWNSHIP
Summary of 2007 Taxes Levied and Collected
For the year ended March 31, 2008

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<u>Ad Valorem Taxes</u>					
Ottawa County					
Operating	\$102,184,863	4.2572	\$ 439,239	\$ 20,008	\$ 419,231
Northeast Ottawa Library District	102,184,863	0.5881	59,280	3,521	55,759
State Education Tax		6.0000			
Coopersville Public Schools	69,695,721		418,170	15,326	402,844
Kenowa Hills Public Schools	30,322,625		173,707	10,028	163,679
Sparta Area Schools	2,166,517		12,999	438	12,561
Total State Education Tax			604,876	25,792	579,084
School Districts					
Kent Intermediate School District	32,489,142	4.6903	145,950	8,182	137,768
Ottawa Intermediate School District	69,695,721	4.2093	384,951	19,674	365,277
Grand Rapids Community College	32,489,142	1.7865	55,589	3,116	52,473
Coopersville Public Schools:					
Other	69,695,721	8.6900	605,650	30,954	574,696
Operating	7,041,966	18.0000	126,755	9,030	117,725
Kenowa Hills Public Schools:					
Other	30,322,625	3.3600	101,881	5,616	96,265
Operating	12,952,756	18.0000	208,470	18,337	190,133
Sparta Area Schools:					
Other	2,166,517	7.1352	14,851	501	14,350
Operating	436,152	18.0000	7,851	-	7,851
Total School Districts			1,651,948	95,410	1,556,538
Wright Township	102,184,863				
Operating		1.0059	101,399	6,023	95,376
Fire protection		0.5956	60,036	3,566	56,470
Roads		3.6338	366,328	21,759	344,569
Aging Council		0.2481	25,003	1,485	23,518
Comstock Street assessment			456	456	0
Delinquent sewer usage			12,476	6,238	6,238
Administration fees			33,081	1,776	31,305
Total Township			598,779	41,303	557,476
Total Ad Valorem Taxes			<u>\$3,354,122</u>	<u>\$ 186,034</u>	<u>\$3,168,088</u>

(Continued)

WRIGHT TOWNSHIP
Summary of 2007 Taxes Levied and Collected
For the year ended March 31, 2008

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<u>Tax Abatements</u>					
Industrial Facilities (P.A. 198) New					
Ottawa County	\$ 3,431,007	2.12860	\$ 7,143	\$ -	\$ 7,143
Ottawa District Library	3,431,007	0.29405	964	-	964
State Education Tax		6.0000			
Coopersville Public Schools	847,200		5,083	-	5,083
Kenowa Hills Public Schools	2,583,807		14,588	-	14,588
Kent Intermediate School District	2,583,807	2.34515	5,702	-	5,702
Ottawa Intermediate School District	847,200	2.10465	2,340	-	2,340
Grand Rapids Community College	2,583,807	0.89325	2,172	-	2,172
Coopersville Public Schools					
Operating	847,200	4.34500	3,681	-	3,681
Other	847,200	9.00000	7,625	-	7,625
Kenowa Hills Public Schools					
Operating	2,583,807	1.68000	4,341	-	4,341
Other	2,583,807	9.00000	21,882	-	21,882
Wright Township	3,431,007				
Operating		0.50295	1,649	-	1,649
Fire protection		0.29780	976	-	976
Roads		1.81690	5,957	-	5,957
Aging Council		0.12405	407	-	407
Administration fees			845	-	845
Total Industrial Facilities (P.A. 198) NEW			<u>\$ 85,355</u>	<u>\$ -</u>	<u>\$ 85,355</u>

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

August 10, 2008

The Township Board
Wright Township
Ottawa County, Michigan

The following comments pertain to our audit of the financial records of Wright Township as of and for the year ended March 31, 2008. The comments are made in accordance with Statement on Auditing Standards No. 112 "*Communicating Internal Control Related Matters Identified in an Audit*" which has the following two unconditional requirements:

- The auditor must evaluate identified *control deficiencies* and determine whether those deficiencies, individually or in combination, are *significant deficiencies* or *material weaknesses*.
- The auditor *must communicate, in writing, significant deficiencies and material weaknesses* to management and those charged with governance. This communication includes significant deficiencies and material weaknesses identified and communicated to management and those charged with governance in prior audits but not yet remediated.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is *more than a remote likelihood* that a misstatement of the entity's financial statements that is *more than inconsequential* will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in *more than a remote likelihood* that a *material misstatement of the financial statements* will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

The following describe circumstances that may be control deficiencies, significant deficiencies, or material weaknesses:

- Inadequate *design* of internal control over a significant account or process.
- Inadequate *documentation* of the components of internal control.
- Insufficient *control consciousness* within the organization, for example, the tone at the top and the control environment.
- Inadequate or absent *segregation of duties* within a significant account or process.
- Inadequate design of *information technology* (IT) general and application controls.
- Inadequate design of *monitoring* controls used to assess the design and operating effectiveness of internal controls.
- The absence of an internal process to *report deficiencies* in internal controls to management on a timely basis.
- Employees or management who *lack the qualifications and training* to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply GAAP and GASB in recording the entity's financial transactions or *preparing its financial statements* (including the notes to basic financial statements).

The management of Wright Township is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

In planning and performing our audit of the financial statements of Wright Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Wright Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

- Inadequate documentation of the components of internal control.
- Inadequate design, documentation, control consciousness and monitoring of internal controls in the area of the Township's general ledger reconciliation system, specifically in the areas of bank checking, savings and certificate of deposit and road expenditure accounts.
- Inadequate design, documentation and monitoring of internal controls in the area of the Township's property tax collection system, specifically in the lack of segregation of duties and the lack of independent review/monitoring over the activities of the Township Tax Account Agency Fund.
- Employees or management who lack the qualifications and training to fulfill their assigned functions; i.e. the lack of knowledge and skills present to apply Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements in recording the Township's financial transactions or preparing its financial statements (including the notes to basic financial statements).

This communication is intended solely for the information and use of management, the Township Board, others within the organization, and the Michigan Department of Treasury. It is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldrin, Nichols & Austin, P.C.

Certified Public Accountants

Hungerford, Aldrin, Nichols & Carter, P.C.

CPAs AND CONSULTANTS

August 10, 2008

The Township Board
Wright Township
Ottawa, Michigan

The following comments pertain to our audit of the financial records of Wright Township as of and for the year ended March 31, 2008. The comments are made in accordance with Statement on Auditing Standards (SAS) No. 114 "The Auditor's Communication with Those Charged with Governance" which requires that in all audits, certain matters are to be communicated with those charged with governance in relation to an audit of financial statements. The communications required by SAS No. 114, if pertinent to the examination, are as follows:

The Auditor's Responsibility Under U.S. Generally Accepted Accounting Principles

As stated in our Engagement Letter dated June 16, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you, or management, of your responsibilities.

Auditor's Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable, independence standards. Our policies address financial interest, business and family relationships, and non-audit services that may be thought to bear on independence. In addition, our policies restrict certain non-audit services that may be provided by our firm staff and require our audit clients to accept certain responsibilities in connection with the provision of permitted non-audit services.

An Overview of the Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the Engagement Letter dated June 16, 2008.

Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our Engagement Letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Wright Township are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We were required to spend significant audit field work time in summarizing Township transactions into a trial balance format for all Township funds other than the General Fund; and, to make a significant number of audit adjusting entries to record interest earned on Township bank accounts and certificates of deposit during the year and reconcile all bank accounts on the Township computer accounting system to final bank balances at March 31, 2008.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements. There were no adjustments proposed during the audit not accepted and recorded by Wright Township management.

Entity-wide Financial Statements

1. \$27,602 to record 2007-08 depreciation expense on Township capital assets.
2. \$17,000 to add the 2007 roof replacement to Township capital assets.

General Fund

1. \$38,011 and \$34,242 to reverse and accrue property taxes receivable at year end.
2. \$14,518 to record interest earned on bank accounts and certificates of deposit and adjust year end balances to actual at March 31, 2008.
3. \$241,183 to road improvement project invoices as 2007-08 expenditures and accounts payable at March 31, 2008.
4. \$27,940 to classify year-end checks and clear out accounts payable on the computer accounting system in order to adjust the General Fund checking account to the March 31, 2008 reconciled balance.
5. \$37,746 and \$36,254 to reverse and accrue year end amounts due for State revenue sharing.
6. \$23,921 to record the Aging Council tax levy as a Township revenue and expenditure.

Disagreements with Management

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Management Representations

We have requested certain representations from management that are included in the Management's Representation Letter dated August 10, 2008.

Other Significant, Relevant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to, and during the process of, the Township's audit. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Significant new auditing standards from the American Institute of Certified Public Accountants were required to be implemented during the 2007-08 audit process involving the auditor's review, observation evaluation and documentation of the Township's significant areas of internal controls. Our findings and comments regarding the Township's internal control processes and procedures are detailed in Appendix A, attached to this letter.

Closing

This communication is intended solely for the information and use of the Wright Township Board of Trustees and management and is not intended to be, and should not be, used by anyone other than these specified parties. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

Hungerford, Aldrin, Nichols & Austin, P.C.

Certified Public Accountants

HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC
Appendix A - Comments On Significant Internal Control Areas for
WRIGHT TOWNSHIP
For the Year Ended March 31, 2008

Listed below are the internal control areas that auditors are now required to review, evaluate and document during the audit process, if those areas are significant to an entity's operations. For each of the areas considered to be "significant" the auditor must answer all of the following questions, inspect supporting documentation and observe client compliance with its prescribed procedures, i.e. "walkthroughs".

1. Is the control placed in operation?
2. What audit assertions apply to this control?
3. Is the control a key control?
4. Is the control dependent on IT?
5. Is the control manual or automated?
6. Is the control properly designed?
7. Is the control implemented?
8. Comments/transactions or documentation examined for walkthrough
9. Is a control deficiency possible?

The significant internal control areas of Wright Township are listed below. Each bullet point describes the "significant" internal controls that apply in each internal control area. The bolded comments represent suggestions for improvements in the Township's internal controls, based on our observations during the 2007-08 audit process.

GENERAL ACCOUNTING CONTROLS

- A complete set of general ledger accounting records should be maintained for all funds
 1. **The Township Treasurer currently keeps the only records for all funds other than the General Fund (Sewer, G/O and S/A Debt Service, Cemetery, Trust and Tax Accounts). A general ledger accounting should be completed by the Township Clerk for all these funds on the Township computer accounting system.**

BUDGETS

- Budget adoptions, amendments for all required funds
- Budget accounting principles consistent with actual transactions
- Documented authorization for all budget amendments

CASH

- Cash collection/receipting procedures
- Cash storage/deposit procedures
- Bank account security/authorization policies
- Check preparation/signing/security procedures
 1. **Tax Account Agency Fund disbursement checks should be reviewed by someone independent of the Treasurer's office. A monthly disbursement report listing checks written could be presented to the Township Board for review and/or reviewed by the Township Clerk on a regular basis.**
- Non-check disbursement authorization/control policies and procedures
- Bank reconciliation preparation/monitoring procedures
 1. **General Fund bank account balances on the computer accounting system must be timely compared with the Treasurer's reconciled balances, and any differences accounted for. Care must be taken to insure that all interest earned on Township bank and certificate of deposit balances are timely and accurately recorded.**

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INVESTMENTS

- Investment policy adoption/implementation/monitoring procedures
 1. **The Township Investment Policy should be reviewed annually by the Treasurer and the Township Board (or Finance Committee) to respond to the rapid changes occurring in the investment environment, and to insure compliance with current accounting disclosure requirements. Someone in Township governance (a Township Board or Finance Committee member) should be responsible for reviewing Township investments on a regular basis to insure that the requirements of the Investment Policy are being followed.**
- Investment purchase approval procedures
- Investment custodial /security policies/procedures
- Investment record keeping/reconciliation procedures
- Investment return policies/procedures/monitoring

REVENUES AND RECEIVABLES

- Budgeting and actual-to-budget monitoring procedures
- Property tax billing/collection/monitoring procedures
- State revenue sharing verification/reconciliation procedures
- Billing/collection procedures for fees/charges for services

EXPENDITURES AND PAYABLES

- Purchase order initiation/approval/processing procedures
- Invoice processing/approval/payment procedures
- Purchase pricing/cut-off/compliance review procedures
- Budget-to-actual comparison/review procedures

PAYROLL

- Hiring/personnel input procedures
- Timekeeping/approval procedures
- Payroll preparation/distribution/general ledger procedures
 1. **Periodic independent review of the completed payroll preparation process, before payroll checks are printed and distributed, is recommended.**
- Cost allocation procedures/monitoring
- Budget-to-actual comparison/review procedures
- Payroll bank account transaction monitoring/reconciliation

CAPITAL ASSETS

- Acquisition/disposal/capitalization approval/documentation
- Asset custody/security/recordkeeping procedures
- Construction project record keeping/monitoring procedures
- Lapse schedule/depreciation record keeping/monitoring procedures
 1. **The Township Clerk should assume responsibility (now completed by the auditors) for the capital asset/depreciation lapse schedule.**

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DEBT AND DEBT SERVICE

- Debt issuance and liability transaction approval
- Debt proceeds expenditure/monitoring procedures
- Debt agreement compliance monitoring procedures
- Principal and interest payment/monitoring procedures
- Debt refunding approval/documentation/monitoring

INFORMATIONAL TECHNOLOGY

- Internal control framework – policies and procedures
 - 1. The Township should consider adopting a written set of policies and procedures to help establish a documented stable and secure IT environment.**
- Township personnel are prohibited from making changes to master files
- There are adequate physical controls over computer facilities
- Software users are prohibited from having access to source code
- Computer access is limited to specific persons and individuals have access to only applications or files that are necessary for their duties
 - 1. A formalized process for granting and removing user access rights to Township software applications should be documented and approved. Users within each application should be given access to only those functions which are required to perform their regular duties.**
- Passwords are required to be complex and to be changed at regular intervals
 - 1. Password security should be reviewed and improved to insure future data security.**
- There are appropriate documented procedures for back-up and storage of applications and data files
 - 1. Backups of data on Township software are performed on a regular basis and rotated offsite by a Township official. This process should be formalized and documented, and consideration should be give to encrypting or password protecting the backed up data.**
- There is a documented disaster recovery plan and it has been tested
 - 1. There is no current documented plan.**